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Economic Specialists vs. Dom Hélder Câmara

by Professor R. Cirillo, Edmonton *

This article, an evaluation of Dr Jürgen Westphalen's contribution "A Critical Reply to Dom Hélder Câmara" which was published in INTERECONOMICS No. 12, December 1970, p. 371 seq., reveals the opposite views of the economic specialists and social reformers in matters of development policy.

Dr Jürgen Westphalen's article in reply to some statements made by Archbishop Dom Hélder Câmara provides food for thought both to the economic specialist and the social reformer alike. On the one hand, it reveals the handicap under which a social reformer, who lacks rigid training in the social sciences, labors; on the other, it demonstrates the limitations within which the contemporary specialist views the vast social problems of our times. It is one of the tragedies of this specialized age that men with useful ideas are seldom able to put them across in a language which could be understood by the specialist, who, on his part, is too much concerned with the narrow field of his specialization to be conscious of anything useful outside its boundaries.

This is much evident in the seemingly opposite views expressed by Dom Câmara and Dr Westphalen on questions related to development policy, international trade, population policies, etc. In this case the social reformer (Dom Câmara) who obviously lacks knowledge of economic theory, becomes an easy prey to the economist (Dr Westphalen) who in the process of criticizing the views of the former, fails to examine the broader issues raised by him when such issues require the expert handling not just of one expert but rather of a panel of experts belonging to various disciplines.

In this paper I shall limit myself to the more salient points raised by Dr Westphalen. My main purpose is not to criticize the stand taken by him on the various issues mentioned but rather to emphasize the view that because of "language" barriers and other hindrances, we, economists and other social scientists as well, are often impatient to listen carefully to what the non-specialist reformers want to tell us.

The 'Harmony of Interests' Myth

Dr Westphalen blasts Dom Câmara for asserting that poverty in the less developed countries "feeds the wealth of industrialized countries". As an econ-

omist he believes that this and similar statements are untrue. Undoubtedly I agree with his stand and the main arguments he uses to disprove these statements, but I cannot go as far as to repeat with him that "the interests of developing and industrialized nations regarding economic and social progress are fundamentally the same". In other words, I also quarrel with the way Dom Câmara presents his view. In the fashion of most social reformers he takes the harsh and rather unscientific way. But there is much truth in what he says. The fact that he almost contradicts himself in subsequent assertions is surely an indication that no single assertion of his should be taken at its face value. In order to do justice to the reformer one should examine the position he takes as a whole rather than single out particular statements or assertions.

On the other hand, the "harmony of interests" statement of Dr Westphalen smacks too much of the economic liberalism of a past age. Quite a few economists, particularly those who have been reviving the theory of economic imperialism, will disagree with such statements. They will argue, for example, that primary producing countries have not, in general, enjoyed favourable terms of trade. Other economists, who do not necessarily subscribe to any particular 'philosophical' theory, have noted "that the capital which is nowadays flowing to underdeveloped areas gravitates predominantly to the Middle East to exploit natural resources, not native labor. In so doing it creates a dual economy: on the one hand, a highly developed foreign enclave and, on the other, an insulated subsistence economy which remains impervious to the forces of growth".¹

Such economists surely do not regard the interests of the two worlds as being 'fundamentally the same'. They are definitely closer, in spirit at least, to the Câmaras of the world.

The Rôle of Foreign Investments

Another point of divergence which emerges from the article in question and which is crucial in assigning a proper rôle to development aid, is

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¹ Mark B laug, *Economic Theory in Retrospect*, Richard D. Irwin, Inc., 1968, p. 270.

about the nature of foreign investments in developing countries. The reformer views with abhorrence the profit maximization goals of foreign investors. He regards them as "antihuman". The economist, on the other hand, reminds him that profit maximization is a fundamental assumption of economic theory. And, of course, he is right. However, it seems that both miss some basic points. The foreign *private* investor will remain egoistical and 'anti-human' no matter the protestations of Dom Câmara. But what is valid for individuals is not necessarily valid for a community or a nation, and much less so for a community of nations. I would like to elaborate a little on this point.

As one social scientist put it, "the awareness of relationships of justice governing the international community is today as primitive as was the moral mood of the nineteenth century view of industrial relations".² In other words, if the wealthier countries were much more concerned about the poorer ones, then one could live much more easily with the 'selfishness' of foreign private investors. For side by side with such investors who will always seek "maximum and safe profits" irrespective of moral considerations, sufficient funds would flow from foreign public sectors and these would be used mainly, one hopes, to achieve social goals. Unfortunately this type of aid to developing countries has been so far too modest and insufficient and, hence, these countries still have to rely considerably on private foreign investors.

What is needed is a radical change in the attitude of the wealthier countries vis-à-vis the underdeveloped ones. They must feel that they have an *obligation* to make economic aid of all sorts available to the poorer countries. If this obligation is accepted, then their assistance will increase substantially and the need for the developing countries to rely on the private foreign investor will become considerably less. I think that all the Dom Câmaras of the world long for the day when developing countries would be regarded as *regions* suffering from economic disparities with the right to be supported by other more fortunate and wealthier regions in order to attain higher levels of economic welfare. This ideal of one world, one country, is admittedly still in the realm of utopia, but is worth striving for.

Just Prices

One other point I would like to mention to further illustrate the language barrier between the reformer and the specialist is the question of "just prices". Dom Câmara is undoubtedly repeating a notion that dates from the writings of medieval scholars and which has been sanctioned in Church documents down to recent times. The notion of what

constitutes "just prices" was vague even in medieval times and referred generally to those prices which were established in a "fair" market. In other words, black market prices, high prices resulting from monopolistic practices or from artificial trade barriers, were not considered "just". Given this interpretation, Dom Câmara's plea for just prices makes sense particularly since Dr Westphalen agrees that, at least, some world trade policies are not at all advantageous to the underdeveloped countries and expresses his disappointment at the results achieved so far by UNCTAD in convincing the industrialized countries to open their markets for the products supplied by developing countries. If in this sense "just prices" are meaningful, why quarrel with Dom Câmara and ask him a number of irrelevant questions? He might not understand the niceties of the market mechanism, but he can surely sense the obstacles which hinder this mechanism from working properly. And that should be enough to justify a reformer in presenting his case.

Dissatisfied Economists

I have indulged in this discussion mainly for the purpose of substantiating the point I have raised in the first paragraph. The emergence in North America of what has been termed "radical political economics" is an indication that there is a growing dissatisfaction, particularly among the younger economists, with conventional economics which, according to a prominent exponent of this group, "does have serious deficiencies, the most important being its distorted conception of the world we live in".³ The impact so far, of the "new" economics might not be substantial and some economists might even regard it as negligible. But, to my mind, it is a symptom of a reaction against a type of economics which so far has not only created barriers between the reformer and the specialist, but which might have also made the latter rather myopic when it comes to viewing broader issues facing contemporary society.

Without necessarily agreeing with all that Professor Gurley's philosophy implies, one could legitimately sympathize with his contention that the economist who follows traditional economics, is only conscious of "narrow economic barriers to the development of poor countries". It is unfortunate that such an economist invariably cannot see "factors of at least equal importance—such as the social, political and broader economic barriers to development".⁴

² Leon H. Janssen, *Social Order*, May, 1958.

³ John G. Gurley, *The State of Political Economics*, in: *American Economic Review*, May, 1971, p. 54.

⁴ Op. cit., p. 58.